



dr.jsmlm

Dr JS Moroka Local Municipality

**Dr JS Moroka Local Municipality
Annual Financial Statements
for the year ended 30 June 2017**

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Municipality
Mayoral committee	
Executive Mayor	Skosana G.J
MMC Social Development	Mdluli D.M
MMC Public Safety, Roads & Transport	Mahlangu D.P
MMC Planning & Infrastructure	Sekwala J.M
MMC Finance & LED	Segalagala J
MMC Admin & Corporate Services	Madonsela T.L
Speaker	Mathabane R.S
Council Whip	Ntlailane M.S
Councillors	Mahlangu J.S Nkoane M.R Sibanyoni L.B Mashishi M.W Banda M.D Nkadimeng S.L Phaahla S.M Mthiwethafa N.C Shabangu M.M Ratsoma P.G Ndlovu A.Z Mtsweni M.G Nkoane N.N Masango A Mphuthi J.M Mthimunye W.E Skhosana J.C Mkoneni J.T Masilela M.L Skosana C.B Aphane S.P Namane A.M Komape A.N Mojela B.N Mkhondo M.S Matji J.S Makgaloa C.M Leballo J.M Nkgodi J.S Lebelo L.K Mabena M.E Sekanka M.E Nyatlo T.M Lekalakala T.I Legong T.B Majombosi T.R Makola K.D Moselane M.M

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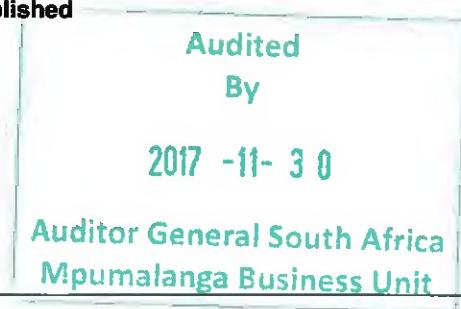
Dr JS Moroka Local Municipality

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General Information

Mahlangu K
Ngoatle M.M
Malatjie R.J
Mashigoana D.K
Masombuka N.Z
Ngoako M.M
Mtsweni D.N
Ntuli K.B
Mokoala V.D
Baloyi L.W
Selala H.N
Rankapole M.M
Ratladi S.J
Maoka R.N
Makgakela B.M (Elected 03 October 2016)
Makota EM (Deceased 18 September 2016)
Mehala SK (Resigned 26 August 2016)
Maja S (Elected 19 April 2017)

Grading of local authority	Grade 3
Capacity	Low
Acting Chief Finance Officer (CFO)	Mashego KP
Accounting Officers	Mahlangu BS
Registered office	A2601/3 Bongimfundo Street Siyabuswa 0472
Business address	A2601/3 Bongimfundo Street Siyabuswa 0472
Postal address	Private Bag X4012 Siyabuswa 0472
Bankers	ABSA Bank Limited Marble Hall Branch
Auditors	Auditor General South Africa
Attorneys	Khumalo Masondo Attorneys Mohale Incorporated
Published	31 August 2017



Dr JS Moroka Local Municipality

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MPAC	Municipal Public Accounts Committee
MEGA	Mpumalanga Economic Growth Agency
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
SARS	South Africa Revenue Service
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
INEP	Integrated National Electrification Programme
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
WSOG	Water Services Operating Grant
EPWP	Expanded Public Works Programme

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Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial and non financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and must be given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal controls established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the 30 June 2017 to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer certify that salaries, allowances and benefits of Councillors as disclosed in note 26 of these Annual Financial Statements are in line with the upper limits of framework envisaged in section 219 of the Constitution read with Remuneration of Public Office Bearers Act, Act no 20 of 1998 and section 124 of the Municipal Management Act, Act 56 of 2003.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements of Dr JS Moroka Municipality set out on pages 6 to 64, which have been prepared on going concern basis, were approved by the municipality on 31 August 2017 and were signed on its behalf by:

Rampedi MR
Acting Accounting Officer

Siyabuswa
31 August 2017

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

The municipality is engaged in local municipality and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality is R 65 281 889 (2016: deficit R 24 855 820).

2. Going concern

We draw attention to the fact that at 30 June 2017, the municipality's current liabilities exceed its current assets by R19 156 029. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

For the duration of 2016/2017 financial year, the accounting officer for the municipality was Mr Mahlangu BS. His contract ended by 31 July 2017 from which Mrs Rampedi MR was appointed by council as the acting accounting officer effective 01 August 2017.

Mr Letsoalo MT was appointed as the chief financial officer of the municipality effective 1 July 2017.

4. Accounting policies

The annual financial statements prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board and National Treasury guidelines.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
Rampedi MR	South African	Appointed 01 August 2017
Mahlangu BS	South African	Resigned 31 July 2017

6. Bankers

The municipality banks primarily with ABSA Bank Limited.

7. Auditors

Auditor General South Africa will continue in office for the next financial period.

8. Public Private Partnership

In accordance with the PPP agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- moneys deposited as excess surpluses;
- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commencement text.

During the financial period under reviewed 30 June 2017, Dr JS Moroka Local Municipality did not enter into any Public Private Partnership agreements.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

9. Consumer debtors

The book value of consumer debtors is standing at R79 502 003 as of 30 June 2017. The above figure is determined after an amount of R199 659 805 in respect of allowance for impairment has been taken into account.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

	Notes	2017 R	2016 Restated* R
Assets			
Current Assets			
Inventories	3	4 124 982	4 583 822
Other financial assets	4	1 556 585	1 542 422
Receivables from exchange transactions	5	12 499 666	13 853 776
Receivables from non-exchange transactions	6	1 620 497	16 602 446
Consumer debtors	7	79 502 003	25 495 438
Cash and cash equivalents	8	2 506 658	2 887 948
		101 810 391	64 965 852
Non-Current Assets			
Investment property	9	154 170	154 170
Property, plant and equipment	10	1 883 411 686	1 822 394 706
Intangible assets	11	491 507	443 607
		1 884 057 363	1 822 992 483
Total Assets		1 985 867 754	1 887 958 335
Liabilities			
Current Liabilities			
Finance lease obligation	12	2 387 021	4 074 750
Trade payables	13	103 350 781	79 951 599
VAT payable	51	12 097 173	2 715 131
Unspent conditional grants and receipts	14	-	294 802
Provisions	15	2 742 445	2 536 229
Long service bonus liability	16	389 000	287 000
		120 966 420	89 859 511
Non-Current Liabilities			
Finance lease obligation	12	-	2 387 022
Provisions	15	18 948 551	16 575 911
Long service bonus liability	16	9 336 000	7 801 000
		28 284 551	26 763 933
Total Liabilities		149 250 971	116 623 444
Net Assets		1 836 616 783	1 771 334 891
Accumulated surplus			
		1 836 616 783	1 771 334 891

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Dr JS Moroka Local Municipality
 Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

	Note(s)	2017 R	2016 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	17	65 432 360	42 532 586
Sale of stands	18	-	1 215 561
Rental of facilities and equipment	19	333 801	235 110
Interest received (trading)	20	20 846 457	9 357 339
Other income	21	5 249 063	3 427 286
Interest received - investment	22	3 940 080	5 959 833
Inventories write-up		-	4 830
Total revenue from exchange transactions		95 801 761	62 732 545
Revenue from non-exchange transactions			
Property rates	23	57 693 651	19 638 513
Government grants & subsidies	24	427 702 802	469 967 178
Donations	25	35 070 635	36 989 583
Licences and permits	26	3 314 362	3 509 884
Traffic fines	27	2 282 470	2 370 650
Total revenue from non-exchange transactions		526 063 920	532 475 808
Total revenue	27	621 865 681	595 208 353
Expenditure			
Employee related costs	28	(165 426 349)	(161 644 700)
Remuneration of councillors	29	(21 204 997)	(20 856 106)
Depreciation and amortisation	30	(54 392 876)	(35 294 416)
Impairment loss	31	-	(93 461 150)
Finance costs	32	(1 602 837)	(1 567 545)
Contracted services	33	(76 168 167)	(49 618 481)
Bad debts provision	34	(40 071 334)	(59 738 495)
Repairs and maintenance	35	(60 258 540)	(41 354 630)
Transfers and Subsidies	36	(1 961 057)	(2 149 030)
Fair value adjustments	4	(75 000)	(5 678)
Actuarial gains recognised	16	(95 000)	(497 000)
General Expenses	37	(135 327 635)	(153 876 942)
Total expenditure		(556 583 792)	(620 064 173)
Surplus (deficit) for the year		65 281 889	(24 855 820)

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Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 July 2015 as restated	1 796 190 709	1 796 190 709
Changes in net assets		
Surplus for the year	15 014 485	15 014 485
Correction of Retention of prior year(refer to note 44)	(39 870 303)	(39 870 303)
Total changes	(24 855 818)	(24 855 818)
Restated* Balance at 01 July 2016	1 771 334 894	1 771 334 894
Surplus for the year	65 281 889	65 281 889
Total changes	65 281 889	65 281 889
Balance at 30 June 2017	1 836 616 783	1 836 616 783

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

	Note(s)	2017 R	2016 Restated* R
Cash flows from operating activities			
Receipts			
Sale of services		49 529 458	48 823 150
Grants		427 408 000	459 577 000
Other receipts		19 936 912	8 387 842
		496 874 370	516 787 992
Payments			
Employee costs		(186 631 346)	(182 500 806)
Suppliers		(204 137 134)	(198 654 663)
Other payments		(1 941 061)	(2 149 030)
		(392 709 541)	(383 304 499)
Net cash flows from operating activities	41	104 164 829	133 483 493
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(100 178 086)	(143 909 968)
Purchase of other intangible assets	11	(425 890)	(11 403)
Net cash flows from investing activities		(100 603 976)	(143 921 371)
Cash flows from financing activities			
Finance lease payments		(3 265 832)	(1 061 493)
Benefit paid		(287 000)	(542 000)
Finance costs		(389 311)	(580 961)
Net cash flows from financing activities		(3 942 143)	(2 184 454)
Net increase/(decrease) in cash and cash equivalents		(381 290)	(12 622 332)
Cash and cash equivalents at the beginning of the year		2 887 948	15 510 280
Cash and cash equivalents at the end of the year	8	2 506 658	2 887 948

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Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Statement of Financial Performance						
Revenue from exchange transactions						
Revenue						
Service charges	27 026 000	(1 372 000)	25 654 000	65 432 360	39 778 360	There was an improved collection from major accounts of bulk provision of water.
Sales of stands	30 000 000	(15 000 000)	15 000 000	-	(15 000 000)	Total stands that were projected to be sold were not all opened for sale hence the variance in revenue collection
<div style="border: 1px solid black; padding: 10px; text-align: center;"> Audited By 2017 -11- 30 Auditor General South Africa Mpumalanga Business </div>						
Rental of facilities and equipment	150 000	-	150 000	333 801	183 801	The actual usage exceeded the budgeted amount..
Interest earned- Outstanding debtors	2 500 000	-	2 500 000	20 846 457	18 346 457	Due to improved collection from major accounts of bulk water provision.
Other income	11 157 500	(3 124 000)	8 033 500	5 249 063	(2 784 437)	There was a decline in demand for services that are offered on cash basis.
Interest received - investment	10 500 000	-	10 500 000	3 940 080	(6 559 920)	Revenue generated from short term investments was affected by cashflow constraints that the municipality experienced for the past 12 months
Inventory writes-up	-	-	-	4 830	4 830	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Total revenue	81 333 500	(19 496 000)	61 837 500	95 806 591	33 969 091	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	27 366 000	(5 370 000)	21 996 000	57 693 651	35 697 651	Our billing base increased due to correction of previous accounts that were not billed.
Transfer revenue						
Government grants & subsidies	439 592 000	-	439 592 000	427 702 802	(11 889 198)	Equitable share was erroneously set-off by Treasury which led the municipality in writing the difference.
Public contributions and donations	-	-	-	35 070 635	35 070 635	Donated assets from sector departments and district
Licences and permits	7 500 000	-	7 500 000	3 314 362	(4 185 638)	Decrease in use of stations
Traffic fines	500 000	-	500 000	2 282 470	1 782 470	More tickets were issued as than budgeted. As the budget was more of what the municipality will actually collect
Total revenue from non-exchange transactions	474 958 000	(5 370 000)	469 588 000	526 063 920	56 475 920	
Total revenue	556 291 500	(24 866 000)	531 425 500	621 870 511	90 445 011	
Expenditure						
Personnel	(192 050 000)	25 994 000	(166 056 000)	(165 426 349)	629 651	The spending was within the budget and it is considered normal.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Remuneration of councillors	(21 176 000)	1 427 000	(19 749 000)	(21 204 997)	(1 455 997)	Upper limit and benefits was received after the adjustment budget which resulted in the expenditure being higher than budgeted.
Depreciation and amortisation	(140 000 000)	-	(140 000 000)	(54 392 876)	85 607 124	
Finance costs	(159 000)	-	(159 000)	(1 602 837)	(1 443 837)	The finance cost for leases has budgeted into rental machine vote.
Contracted services	(42 000 000)	(13 109 000)	(55 109 000)	(76 168 167)	(21 059 167)	The overspending on contracted services which is reported as unauthorised expenditure per vote.
Bad debts written off	(50 000 000)	-	(50 000 000)	(40 071 334)	9 928 666	Due to the movement in provision for impairment.
Repairs and maintenance	(40 810 000)	-	(40 810 000)	(60 258 540)	(19 448 540)	The overspending on contracted services which is reported as unauthorised expenditure per vote.
Grant and subsidies paid	(3 569 000)	-	(3 569 000)	(1 961 057)	1 607 943	The indigent register was reviewed, which resulted in the total number of indigent being reduced.
General Expenses	(131 494 000)	3 819 000	(127 675 000)	(134 506 162)	(6 831 162)	General expenditure increased due to inflation, eskom tariff increase, escalation of water purification chemicals and fuel.
Fair value adjustments	-	-	-	(75 000)	(75 000)	
Actuarial gains recognised	-	-	-	(95 000)	(95 000)	

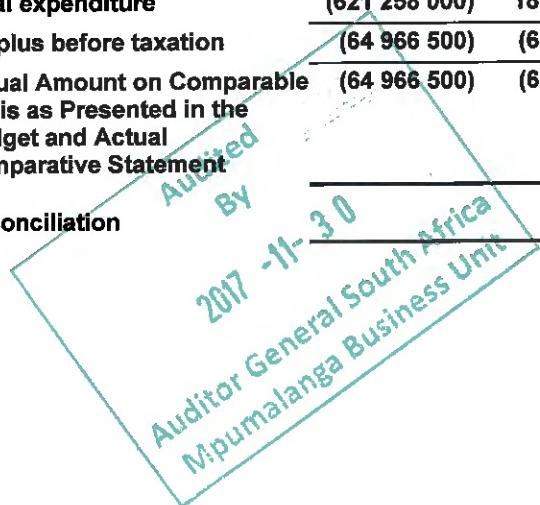
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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Total expenditure	(621 258 000)	18 131 000	(603 127 000)	(555 762 319)	47 364 681	
Surplus before taxation	(64 966 500)	(6 735 000)	(71 701 500)	66 108 192	137 809 692	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(64 966 500)	(6 735 000)	(71 701 500)	66 108 192	137 809 692	
Reconciliation						



Dr JS Moroka Local Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4 863 037	-	4 863 037	4 124 982	(738 055)	More inventory at year end compared to previous financial year.
Other financial assets	10 000 000	-	10 000 000	1 556 585	(8 443 415)	The budget was projected with more investments to be made. However due to cash flow constraints no long term investments made.
Receivables from exchange transactions	7 912 000	-	7 912 000	12 499 666	4 587 666	That is due overpayment made to supplier and has to be recovered.
Receivables from non-exchange transactions	-	-	-	1 620 497	1 620 497	Treasury has not trasfer back the money that was deducted twice.
Consumer debtors	-	-	-	79 502 003	79 502 003	Debtors increased due to slow payments by consumers.
Cash and cash equivalents	13 422 000	-	13 422 000	2 506 658	(10 915 342)	Cashflow constraints and under recoverability of own revenue collection and deduction of equitable share by Treasury.
	36 197 037	-	36 197 037	101 810 391	65 613 354	

Dr JS Moroka Local Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Non-Current Assets						
Investment property	154 170	-	154 170	154 170	-	No movement on the current year.
Property, plant and equipment	1 455 068 000	-	1 455 068 000	1 883 411 686	428 343 686	Completed projects received from districts and other assets donated to the municipality.
Intangible assets	773 920	-	773 920	491 507	(282 413)	
Total Assets	1 492 193 127	-	1 455 996 090	1 884 057 363	428 061 273	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	2 387 021	2 387 021	The municipality budgeted more, however the variance considered to be normal.
Trade payables	8 582 620	-	8 582 620	103 350 781	94 768 161	The municipality accrued more creditors at year end than last year.
VAT payable	-	-	-	12 097 173	12 097 173	
Provisions	4 595 000	-	4 595 000	2 742 445	(1 852 555)	The provision was increase due to change in estimate on the cost of rehabilitation of these landfill..
Long service bonus liability	-	-	-	389 000	389 000	
	13 177 620	-	13 177 620	120 966 420	107 788 800	
Non-Current Liabilities						
Provisions	2 138 568	-	2 138 568	18 948 551	16 809 983	The provision was increase due to change in estimate on the cost of rehabilitation of these landfill

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Long service bonus liability	-	-	-	9 336 000	9 336 000	Increament of staff.
	2 138 568	-	2 138 568	28 284 551	26 145 983	
Total Liabilities	15 316 188	-	15 316 188	149 250 971	133 934 783	
Net Assets	1 476 876 939			- 1 476 876 939	1 836 616 783	359 739 844
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 476 876 939			- 1 476 876 939	1 836 616 783	359 739 844

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
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Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	54 392 000	(2 137 000)	52 255 000	49 962 067	(2 292 933)
Grants	439 592 000	-	439 592 000	427 408 000	(12 184 000)
Interest income	13 000 000	(5 550 000)	7 450 000	-	(7 450 000)
Other receipts	49 308 000	(28 354 000)	20 954 000	19 936 912	(1 017 088)
	556 292 000	(36 041 000)	520 251 000	497 306 979	(22 944 021)

Payments

Employee costs and suppliers	(427 530 000)	34 724 826	(392 805 174)	(390 953 494)	1 851 680
Finance costs	(159 000)	(51 000)	(210 000)	-	210 000
Transfer and subsidies	(3 569 000)	(35 000)	(3 604 000)	(1 941 061)	1 662 939
	(431 258 000)	34 638 826	(396 619 174)	(392 894 555)	3 724 619
Net cash flows from operating activities	125 034 000	(1 402 174)	123 631 826	104 412 424	(19 219 402)

Cash flows from investing activities

Purchase of property, plant and equipment	(123 602 000)	-	(123 602 000)	(100 919 506)	22 682 494
Purchase of other intangible assets	-	-	-	(425 890)	(425 890)
Net cash flows from investing activities	(123 602 000)	-	(123 602 000)	(101 345 396)	22 256 604

Cash flows from financing activities

Finance lease payments	-	-	-	(3 265 832)	(3 265 832)
Finance costs	-	-	-	(389 311)	(389 311)
Net cash flows from financing activities	-	-	-	(389 311)	(389 311)
Net increase/(decrease) in cash and cash equivalents	1 432 000	(1 402 174)	29 826	2 677 717	2 647 891
Cash and cash equivalents at the beginning of the year	4 825 000	9 327 060	14 152 060	120 184 096	106 032 036
Cash and cash equivalents at the end of the year	6 257 000	7 924 886	14 181 886	122 861 813	108 679 927

Reconciliation

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2017 -11- 30
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Mpumalanga Business Unit

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

the useful life of the property, is as follows:

Item	Useful life
Property - land	indefinite

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the change in accounting policy.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.5 Intangible assets

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Accounting Policies

1.5 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.6 Financial instruments

Classification

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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Accounting Policies

1.6 Investments in associates (continued)

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Impairment losses are not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

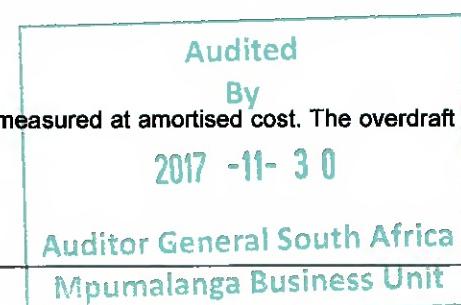
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost. The overdraft recorded as a liability in the statement of financial position.



Accounting Policies

1.6 Investments in associates (continued)

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of the business.

The cost of inventories comprises of all costs of purchase, costs, of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

The salaries, allowances and benefits of Councillors are dealt with the upper limits of framework envisaged in section 219 of the constitution read with Remuneration of Public Office Bearers Act, Act no 20 of 1998 and section 124 of the Municipal Finance Management Act, Act 56 of 2003.

The salaries, wages, allowances and benefits for employees for rendering of services are recognised in the statement of financial performance in the period incurred.

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.9 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.10 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the note to annual financial statements..

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

Accounting Policies

1.10 Provisions and contingencies (continued)

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.11 Revenue from exchange transactions

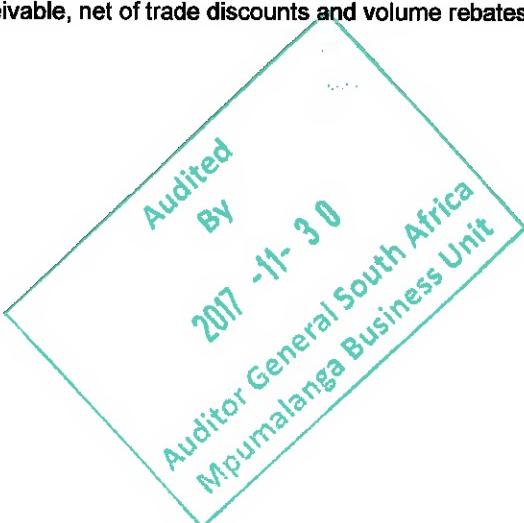
Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

Expenditure incurred by a municipality or municipal entity in Contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 30 No. 20 of 1998); or

Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in 35 terms of such policy or by-law

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.19 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.20 Budget information

The general purpose of financial reporting by the municipality, shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 16.

1.21 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national and provincial sphere of government are considered to be related parties.

Accounting Policies

1.21 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.23 Capital Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in outflow of resources.

Capital commitments are not recognised in statement of financial position as a liability, but are included in the disclosure notes.

1.24 Value-Added Tax

The municipality applies the payments basis for VAT purposes as per the Value-Added Tax Act. Output tax is payable as and when the purchase consideration are received and input will be claimed as and when payments is made.

1.25 Receivables from non-exchange transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognised as an asset when , and only when:

- (a) It is probable that the future economic benefits or service potential associated with the asset will flow to the entity
- (b) The fair value of the assets can be measured reliably.

Notes to the Annual Financial Statements

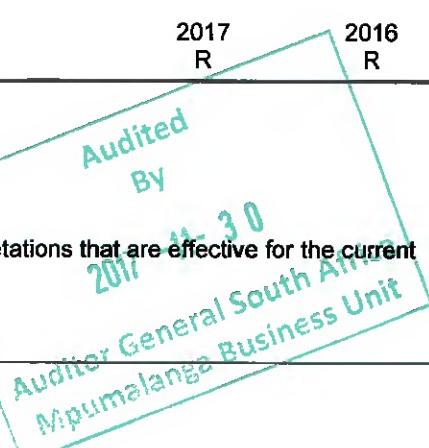
2017
R

2016
R

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:



Dr JS Moroka Local Municipality
 Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Standard/ Interpretation:

- GRAP 108: Statutory Receivables
- GRAP 32: Service Concession Arrangements: Grantor
- IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

**Effective date:
Years beginning on or
after**

01 April 2016

01 April 2016

01 April 2016

Expected impact:

The impact of the is not material.
 The impact of the is not material.
 The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods:

Standard/ Interpretation:

- GRAP 34: Separate Financial Statements
- GRAP 35: Consolidated Financial Statements
- GRAP 36: Investments in Associates and Joint Ventures
- GRAP 37: Joint Arrangements
- GRAP 38: Disclosure of Interests in Other Entities
- GRAP 110: Living and Non-living Resources
- GRAP 12 (as amended 2016): Inventories
- GRAP 27 (as amended 2016): Agriculture
- GRAP 31 (as amended 2016): Intangible Assets
- GRAP 103 (as amended 2016): Heritage Assets
- GRAP 110 (as amended 2016): Living and Non-living Resources
- IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land
- Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities
- GRAP 20: Related parties
- GRAP 26 (as amended 2016): Impairment of cash-generating assets
- GRAP 109: Accounting by Principals and Agents
- GRAP 21 (as amended 2016): Impairment of non-cash-generating assets
- GRAP 18 (as amended 2016): Segment Reporting
- GRAP 17 (as amended 2016): Property, Plant and Equipment
- GRAP 16 (as amended 2016): Investment Property
- GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

**Effective date:
Years beginning on or
after**

01 April 2019

01 April 2018

01 April 2017

01 April 2018

01 April 2017

01 April 2018

01 April 2018</p

Notes to the Annual Financial Statements

2. New standards and Interpretations (continued)

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

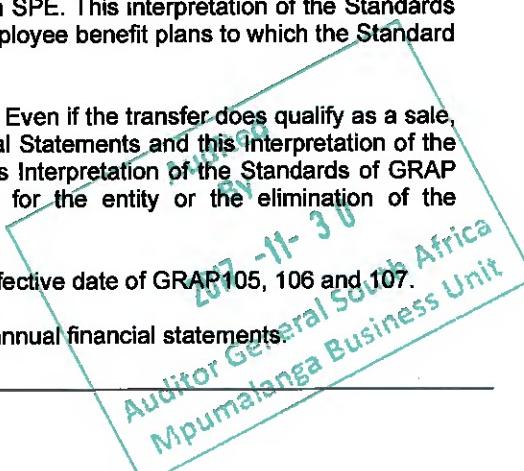
An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2015 annual financial statements.



Notes to the Annual Financial Statements

2. New standards and Interpretations (continued)

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2015 annual financial statements.

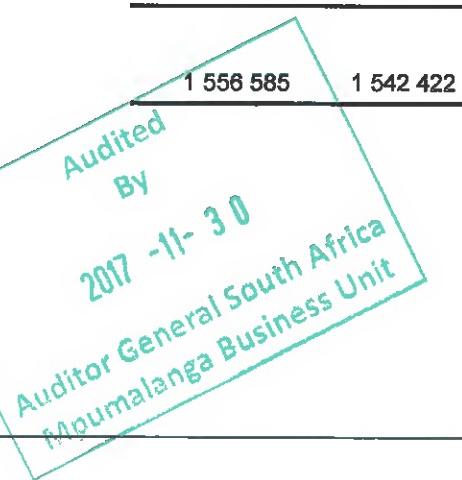
3. Inventories

Storm water supplies	593 200	332 774
Consumable stores	2 252 130	2 454 967
Mechanical supplies	371 035	446 318
Electrical supplies	410 772	449 080
Water supplies	217 483	392 385
Pipe fitting	280 362	508 298
	<hr/>	<hr/>
	4 124 982	4 583 822

4. Other financial assets

Designated at fair value		
Stanlib Collective Investments: Unit trusts (Acc No 1005687)	1 556 585	1 542 422
Total other financial assets	<hr/>	<hr/>

Current assets		
Designated at fair value	1 556 585	1 542 422

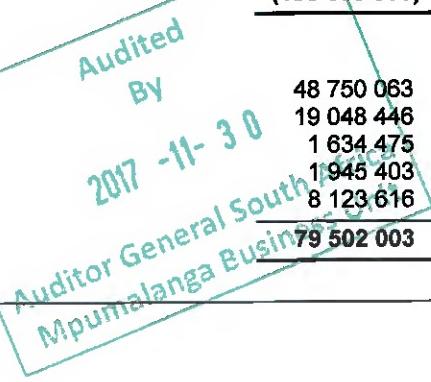


Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
4. Other financial assets (continued)		
Financial assets at fair value		
Fair values of financial assets measured or disclosed at fair value		
Stanlib Investment opening balance	1 542 422	1 339 154
Additions for the year	89 163	208 947
Fair value adjustment	(75 000)	(5 679)
	1 556 585	1 542 422
5. Receivables from exchange transactions		
Consumer agreement	1 786 000	2 626 384
Sundry debtors	59 989	495 787
Interest accrued	1 089 977	48 438
Debtors on sale of stands	9 563 700	1 119 467
Other receivables	12 499 666	9 563 700
	12 499 666	13 853 776
6. Receivables from non-exchange transaction		
Fines	1 620 497	1 037 027
Government grants and subsidies	15 565 419	
	1 620 497	16 602 446
7. Consumer debtors		
Gross balances		
Rates	72 157 985	17 090 627
Water	74 034 182	64 151 974
Sewerage	17 053 757	13 275 760
Refuse	18 615 533	14 488 842
Interest and other	97 300 351	77 867 410
	279 161 808	186 874 613
Less: Allowance for impairment		
Rates	(23 407 922)	(22 943 145)
Water	(54 985 736)	(42 061 588)
Sewerage	(15 419 282)	(12 686 612)
Refuse	(16 670 130)	(13 569 850)
Interest and other	(89 176 735)	(70 117 980)
	(199 659 805)	(161 379 175)
Net balance		
Rates	48 750 063	(5 852 518)
Water	19 048 446	22 090 386
Sewerage	1 634 475	589 148
Refuse	1 945 403	918 992
Interest and other	8 123 616	7 749 430
	79 502 003	25 495 438



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
7. Consumer debtors (continued)		
The following receivables from exchange transactions are included above		
Water	19 048 446	22 090 386
Sewerage	1 634 476	589 147
Refuse	1 945 403	918 992
Interest and other	8 123 616	7 749 430
	30 751 941	31 347 955
The following receivable from non-exchange transactions is included above		
Rates	48 750 063	30 712 223
Net balance	79 502 004	62 060 178
Rates		
Current (0 -30 days)	913 008	1 603 061
31 - 60 days	828 419	1 011 945
61 - 90 days	822 636	984 811
> 90 days	46 186 000	(9 452 335)
	48 750 063	(5 852 518)
Water		
Current (0 -30 days)	853 142	4 827 709
31 - 60 days	392 918	2 521 016
61 - 90 days	407 616	1 557 766
> 90 days	17 394 770	13 183 895
	19 048 446	22 090 386
Sewerage		
Current (0 -30 days)	24 064	191 688
31 - 60 days	21 360	183 022
61 - 90 days	18 749	179 980
> 90 days	1 570 302	34 458
	1 634 475	589 148
Refuse		
Current (0 -30 days)	23 801	224 688
31 - 60 days	22 957	220 055
61 - 90 days	22 551	222 073
> 90 days	1 876 094	252 176
	1 945 403	918 992
Interest and other		
Current (0 -30 days)	111 970	3 952 773
31 - 60 days	103 784	1 819 397
61 - 90 days	99 601	1 618 842
> 90 days	7 808 261	358 418
	8 123 616	7 749 430



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
7. Consumer debtors (continued)		
Summary of debtors by customer classification		
Government		
Current (0 -30 days)	8 128 199	4 756 746
31 - 60 days	4 662 377	2 863 732
61 - 90 days	4 209 607	1 610 321
91 - 120 days	4 099 877	2 394 330
>121days	<u>45 070 165</u>	<u>18 338 111</u>
Less: Allowance for impairment	<u>66 170 225</u>	<u>29 963 240</u>
	<u>(5 874 746)</u>	<u>(2 152 983)</u>
	<u>60 295 479</u>	<u>27 810 257</u>
Business		
Current (0 -30 days)	913 963	389 846
31 - 60 days	725 107	257 353
61 - 90 days	694 326	246 242
91 - 120 days	551 632	253 317
121 - 365 days	<u>15 839 804</u>	<u>12 363 534</u>
Less: Allowance for impairment	<u>18 724 832</u>	<u>13 510 292</u>
	<u>(15 839 804)</u>	<u>(12 683 127)</u>
	<u>2 885 028</u>	<u>827 165</u>
Households and Other		
Current (0 -30 days)	3 758 120	5 653 443
31 - 60 days	3 317 755	2 634 350
61 - 90 days	3 737 291	2 706 909
91 - 120 days	3 201 856	2 540 206
121 - 365 days	<u>180 251 730</u>	<u>143 487 769</u>
Less: Allowance for impairment	<u>194 266 752</u>	<u>157 022 677</u>
	<u>(177 945 255)</u>	<u>(146 546 166)</u>
	<u>16 321 497</u>	<u>10 476 511</u>
Total		
Current (0 -30 days)	12 800 282	10 800 035
31 - 60 days	8 705 239	5 755 435
61 - 90 days	8 641 224	5 362 627
> 90 days	<u>249 015 063</u>	<u>164 956 516</u>
Less: Allowance for impairment	<u>279 161 808</u>	<u>186 874 613</u>
	<u>(199 659 805)</u>	<u>(161 379 175)</u>
	<u>79 502 003</u>	<u>25 495 438</u>
Less: Allowance for impairment		
Current (0 -30 days)	(7 986 392)	(7 149 882)
31 - 60 days	(19 965 981)	(15 683 127)
61 - 90 days	(171 707 432)	(138 546 166)
	<u>(199 659 805)</u>	<u>(161 379 175)</u>
Total debtor past due but not impaired		
>121 days	41 501 894	54 092 395

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
7. Consumer debtors (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(161 379 175)	(144 665 470)
Contribution to provision	(38 280 630)	(16 713 705)
	(199 659 805)	(161 379 175)

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2 300 461	2 866 878
Short-term investments	206 197	21 070
	2 506 658	2 887 948

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA BANK - 406-952-9871- Cheque account	178 692	21 070	165 039	178 692	21 070	165 039
ABSA BANK - 92-9699-9197 - fixed deposit	-	-	5 406 345	-	-	5 406 345
ABSA BANK - 40-5285-3972 - cheque account (Primary Account)	2 560 555	2 889 080	3 435 184	2 093 636	2 866 878	4 938 896
ABSA BANK - 40-9074-1909- Cheque account	1 000	-	-	1 000	-	-
FNB - 62685633060 - Fixed deposit	26 506	-	-	26 506	-	-
Standard bank - 038568640-045 - Fixed deposit	-	-	5 000 000	-	-	5 000 000
Total	2 766 753	2 910 150	14 006 568	2 299 834	2 887 948	15 510 280

9. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	154 170	-	154 170	154 170	-	154 170

Reconciliation of investment property - 2017

Land	Opening balance 154 170	Total 154 170

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Notes to the Annual Financial Statements

	2017 R	2016 R
9. Investment property (continued)		
Reconciliation of investment property - 2016		

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

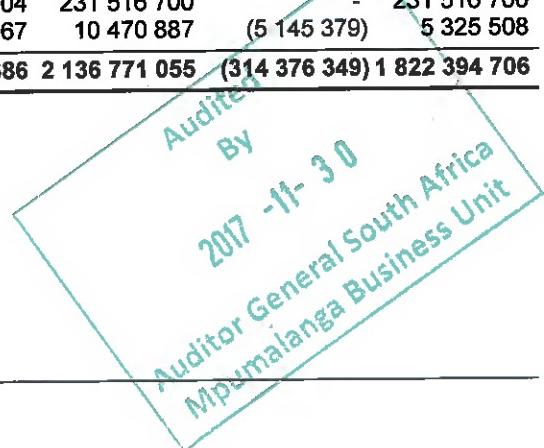
Details of valuation

The valuation was based on the report conducted by HP Matidza professional valuer (Reg No: 4953/7) from Ndlala Mass valuation . The general evaluation came into effect on 01 July 2014.

The valuations was based on deemed cost approach, in line with the municipality adopted approach in valuation of investment properties. The deemed cost is described as per GRAP Directive 7 [4].

10. Property, plant and equipment

	2017		2016			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	334 819 504	-	334 819 504	334 819 504	-	334 819 504
Buildings	117 824 683	(86 373 741)	31 450 942	141 472 653	(84 380 435)	57 092 218
Plant and machinery	25 936 448	(9 364 030)	16 572 418	25 057 112	(7 528 250)	17 528 862
Furniture and fixtures	12 978 838	(6 625 101)	6 353 737	12 289 828	(5 944 003)	6 345 825
Motor vehicles	41 765 701	(25 223 191)	16 542 510	41 765 701	(23 211 134)	18 554 567
Office equipment	3 909 559	(1 874 744)	2 034 815	3 879 694	(1 761 807)	2 117 887
IT equipment	12 739 402	(3 215 194)	9 524 208	12 510 052	(2 474 927)	10 035 125
Infrastructure	1 246 858 944	(133 466 675)	1 113 392 269	1 139 581 860	(93 540 090)	1 046 041 770
Community	184 049 951	(93 669 039)	90 380 912	183 407 064	(90 390 324)	93 016 740
Assets under construction	260 449 004	-	260 449 004	231 516 700	-	231 516 700
Other leased Assets	8 487 694	(6 596 327)	1 891 367	10 470 887	(5 145 379)	5 325 508
Total	2 249 819 728	(366 408 042)	1 883 411 686	2 136 771 055	(314 376 349)	1 822 394 706



Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Transfer	Depreciation	Total
Land	334 819 504	-	(23 647 970)	-	334 819 504
Buildings	57 092 218	-	-	(1 993 306)	31 450 942
Plant and machinery	17 528 862	879 336	-	(1 835 780)	16 572 418
Furniture and fixtures	6 345 825	689 010	-	(681 098)	6 353 737
Motor vehicles	18 554 567	-	-	(2 012 057)	16 542 510
Office equipment	2 117 887	29 865	-	(112 937)	2 034 815
IT equipment	10 035 125	229 350	-	(740 267)	9 524 208
Infrastructure	1 046 041 770	14 293 056	89 333 944	(36 276 501)	1 113 392 269
Community	93 016 740	-	642 887	(3 278 715)	90 380 912
Assets under construction	231 516 700	98 911 249	(69 978 945)	-	260 449 004
Other leased Assets	5 325 508	-	-	(3 434 141)	1 891 367
1 822 394 706 115 031 866	(3 650 084)	(50 364 802)	1 883 411 686		



Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Transfer	Adjustments	Depreciation	Derecognition	Total
Land	397 356 393	-	-	-	(62 536 889)	-	334 819 504
Buildings	58 871 836	232 900	1 859 449	-	(3 871 967)	-	57 092 218
Plant and machinery	17 523 515	2 254 106	-	-	(2 248 759)	-	17 528 862
Furniture and fixtures	5 593 599	1 279 492	-	-	(513 768)	(13 498)	6 345 825
Motor vehicles	25 278 429	19 645	-	-	(2 122 581)	(4 620 926)	18 554 567
Office equipment	1 917 528	368 073	-	-	(162 946)	(4 768)	2 117 887
IT equipment	9 641 550	1 166 667	-	-	(736 732)	(36 360)	10 035 125
Infrastructure	881 179 267	20 185 391	187 537 122	(26 248 707)	(16 611 303)	-	1 046 041 770
Community	88 167 132	10 043 966	-	-	(5 194 358)	-	93 016 740
Assets under construction	281 870 591	139 042 680	(189 396 571)	-	-	-	231 516 700
Other leased Assets	8 815 794	-	-	-	(3 490 286)	-	5 325 508
	1 776 215 634	174 592 920	-	(26 248 707)	(34 952 700)	(67 212 441)	1 822 394 706

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
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11. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 453 883	(962 376)	491 507	1 027 993	(584 386)	443 607

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	443 607	425 890	(377 990)	491 507

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	773 920	11 403	(341 716)	443 607

12. Finance lease obligation

Minimum lease payments due

- within one year	2 470 563	4 499 576
- in second to fifth year inclusive	-	2 470 563

less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments due

- within one year	2 387 021	4 074 751
- in second to fifth year inclusive	-	2 387 021
	2 387 021	6 461 771

Non-current liabilities

Current liabilities	-	2 387 022
	2 387 021	4 074 750
	2 387 021	6 461 772

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 9% (2016: 9%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
13. Trade payables		
Trade payables	78 398 628	59 341 881
Income received in advance	1 561 108	1 079 065
ENatis	1 088 493	-
Leave accrued	16 615 267	14 200 374
Accrued bonus	4 533 135	4 168 566
Deposits received	483 449	181 681
Staff overtime	670 701	980 032
	103 350 781	79 951 599

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	-	99 224
MSIG	-	195 578
WSOG	-	294 802

Movement during the year

Balance at the beginning of the year	294 802	10 641 683
Additions during the year	124 984 000	145 538 000
Income recognition during the year	(125 278 802)	(155 884 881)

See note 24 for reconciliation of grants from National/Provincial Government.



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

		2017 R	2016 R
15. Provisions			
Reconciliation of provisions - 2017			
		Opening Balance	Change in estimates
Siyabuswa landfill		13 696 003	1 504 662
Libangeni landfill		5 416 137	616 184
		19 112 140	2 120 846
		458 010	458 010
		21 690 996	
Reconciliation of provisions - 2016			
		Opening Balance	Change in estimates
Siyabuswa landfill		11 210 209	2 485 794
Libangeni landfill		3 740 672	1 436 788
		14 950 881	3 922 582
		238 677	238 677
		19 112 140	
Non-current liabilities			18 948 551
Current liabilities			2 742 445
			21 690 996
			16 575 911
			2 536 229
			19 112 140

Environmental rehabilitation provision

The municipality has two landfill site for which the calculation was made and those calculations of the closure costs have been based on an estimations.

Siyabuswa landfill estimated 20 years in 2011 and the landfill has now been closed, a remaining life of zero years has been used for these valuations since 2013.

The expected remainig life of the Libangeni landfill is estimated at 33 years.

16. Long service bonus liability

Reconciliation of assets and liabilities

Opening accrued liability	8 088 000	6 605 000
Service cost	1 109 000	989 000
Interest cost	720 000	539 000
Actuarial gain/loss	95 000	497 000
Benefit paid	(287 000)	(542 000)
	9 725 000	8 088 000

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Notes to the Annual Financial Statements

	2017 R	2016 R
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16. Long service bonus liability (continued)

Nature of Liability

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year of the employee attaining the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy. Dr JS Moroka offers bonuses for every 5 years of completed service from 10 years to 45 years.

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Dr JS Moroka advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

Summary of actuarial assumptions

The long service bonus awards are a function of accumulated leave days. The long service bonus awards is a function of annual leave days and is convertible into cash in the year the employee attains the service eligible for an award. As a result the award is also function of the employee's annual salary.

The annual salary is converted into a daily salary by dividing the annual salary by 250. The consumer price inflation of 6.82% p.a. is obtained from the differential between the long term market yield on the index-linked bond (the R197 at 1.56% p.a.) consistent with the estimated term of the liabilities and those of nominal bond (the R186 at 8.48% p.a.). However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have assumed that salary inflation will exceed consumer price inflation by 1% per annum. The assumption regarding the relative levels of these two rates is our expectation of the long-term average. Accounting Standard IAS19 defines the determination of the investment return assumption to be used as the rate that can "be determined by reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds should be used.

The currency and term of the corporate bonds or government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations." As such a discount rate of 8.51% p.a. has been used. This was derived from the yield curve, without a tax adjustment, obtained from the Bond.

Liability valuation method

Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases. For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death. In accordance with the requirements of IAS19, the Projected Unit Credit method of funding has been applied.

17. Service charges

Sale of water	52 265 030	34 978 226
Sewerage and sanitation charges	6 702 626	3 475 427
Refuse removal	6 464 704	4 078 933
	65 432 360	42 532 586

18. Sale of stands

Sale of stands	11 357 571	1 215 561
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Notes to the Annual Financial Statements

	2017 R	2016 R
19. Rental of facilities and equipments		
Municipal buildings	117 517	121 885
Community halls	138 160	70 357
Stadium	26 500	18 600
Bussiness stalls	51 624	24 268
	333 801	235 110
20. Interest received (trading)		
Interest on arreas accounts	20 837 502	9 345 313
Interest on trading accounts	8 955	12 026
	20 846 457	9 357 339
21. Other income		
Community service fee	460 798	253 000
Advertising	231 909	156 721
Sundry income	635 662	605 926
Discount received	-	30 822
Application for tenders	1 334 007	973 484
Angeny fee	2 291 428	921 640
Administration fees	295 259	485 693
	5 249 063	3 427 286
22. Investment revenue		
Interest revenue	3 800 153	5 750 886
Interest on fixed deposit	139 927	208 947
Interest on unit trust	3 940 080	5 959 833

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
23. Property rates		
Rates received		
Residential	9 109 480	8 358 417
Commercial	8 311 614	1 512 000
State	45 712 304	10 394 377
Small holdings and farms	187 914	697 333
Less: Income forgone	(5 627 661)	(1 323 614)
	57 693 651	19 638 513
Valuations Roll		
Residential	1 271 706 520	1 268 552 300
Commercial	122 020 597	178 372 911
State	1 137 910 050	680 235 700
Small holdings and farms	406 139 461	121 536 407
	2 937 776 628	2 248 697 318



The valuation on land and building are performed every 5 years. The general Valuation roll came into effect on the 01 July 2014. The basic rates of R0.017252 (R0.001540: 2016) on the value of agricultural land and buildings, R0.017252 (R0.017252:2016) on the value of commercial business land and buildings, R0.017252 (0.017252:2016) on the value of state land and buildings and R0.0072 (R0.0072:2016) on the value of residential land and buildings are applied to determine assessment rates. These rates were agreed to the approved tariff policy.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
24. Government grants and subsidies		
Equitable share	302 718 802	314 082 297
Municipal Infrastructure Grant	119 102 000	131 371 598
Financial Management Grant	1 625 000	1 600 000
Municipal Systems Improvement Grant	-	830 776
WSOG Grant	-	18 825 507
EPWP Grant	4 257 000	3 257 000
	<hr/>	<hr/>
	<hr/>	<hr/>
	427 702 802	469 967 178

Equitable Share

In terms of section 227 of the Constitution, the equitable share grant is used to subsidise the provision of basic services and the day to day operations of the municipality.

Municipal infrastructure grant

Balance unspent at beginning of year	-	6 620 598
Current-year receipts	119 102 000	124 751 000
Conditions met - transferred to revenue	(119 102 000)	(131 371 598)
	<hr/>	<hr/>

Conditions still to be met - remain liabilities (see note 14).

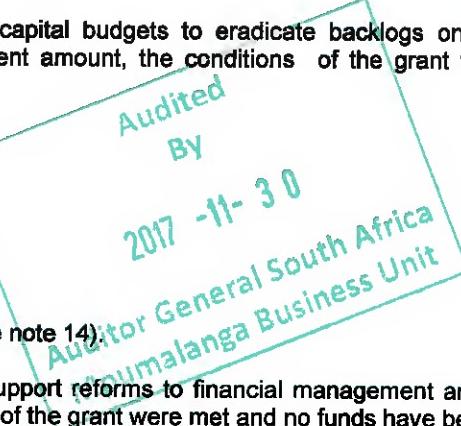
The grant is used to supplement municipal capital budgets to eradicate backlogs on municipal infrastructure utilised in providing basic services. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Financial Management Grant

Current-year receipts	1 625 000	1 600 000
Conditions met - transferred to revenue	(1 625 000)	(1 600 000)
	<hr/>	<hr/>

Conditions still to be met - remain liabilities (see note 14).

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
24. Government grants and subsidies (continued)		
MSIG		
Balance unspent at beginning of year	99 224	43 297
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(830 776)
Return to Treasury	<u>(99 224)</u>	<u>(43 297)</u>
	-	99 224
Conditions still to be met - remain liabilities (see note 14).		
The grant was used to assist the municipality in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the local government municipal systems act 32 of 2000. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
EPWP		
Current-year receipts	4 257 000	3 257 000
Conditions met - transferred to revenue	<u>(4 257 000)</u>	<u>(3 257 000)</u>
	-	-
Conditions still to be met - remain liabilities (see note 14).		
The grant was used to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
WSOG Grant		
Balance unspent at beginning of year	195 578	4 021 085
Current-year receipts	-	15 000 000
Conditions met - transferred to revenue	-	(18 825 507)
Return to Treasury	<u>(195 578)</u>	-
	-	195 578
The grant was used to finance the refurbishment, operation and maintenance of the water treatment plant.		
Changes in level of government grants		
Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
25. Public contributions and donations		
Nkangala district municipality	20 830 346	36 535 989
Department of Culture, Sports and Recreation	562 451	254 956
Department of Environmental Affairs	-	198 638
Mpumalanga Economic Growth Agency (MEGA)	2 351 275	-
Department of Public Works	Audited 11 326 563	-
	By 35 070 635	36 989 583

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Notes to the Annual Financial Statements

	2017 R	2016 R
26. Licence and permits		
Motor licencing	3 190 616	3 407 337
Trading licence	123 746	102 546
	<hr/>	<hr/>
	3 314 362	3 509 883

27. Revenue

Rendering of services	1 215 561	
Service charges	65 432 360	42 532 586
Rental of facilities and equipment	333 801	235 110
Interest received (trading)	20 846 457	9 357 339
Other income	5 249 063	3 427 286
Interest received - investment	3 940 080	5 959 833
Property rates	57 693 651	19 638 513
Government grants & subsidies	427 702 802	469 967 178
Public contributions and donations	35 070 635	36 989 583
Licences and permits	3 314 362	3 509 884
Traffic fines	2 282 470	2 370 650
	<hr/>	<hr/>
	621 865 681	595 203 523

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	65 432 360	42 532 586
Rendering of services	1 215 561	
Rental of facilities and equipment	333 801	235 110
Interest received (trading)	20 846 457	9 357 339
Other income	5 249 063	3 427 286
Interest received - investment	3 940 080	5 959 833
	<hr/>	<hr/>
	95 801 761	62 727 715

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue	57 693 651	19 638 513
Property rates	427 702 802	469 967 178
Transfer revenue	35 070 635	36 989 583
Government grants & subsidies	3 314 362	3 509 884
Public contributions and donations	2 282 470	2 370 650
Licences and permits	<hr/>	<hr/>
Traffic fines	526 063 920	532 475 808



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
28. Employee related costs		
Basic	110 398 721	107 190 111
Bonus	8 607 743	8 717 671
Medical aid - company contributions	8 829 462	7 790 076
UIF	937 392	901 065
SDL	1 297 307	1 259 147
Leave pay provision	2 414 893	3 080 324
Pension fund contribution	22 093 711	19 806 795
Travel, motor car, accommodation, subsistence and other allowances	4 379 723	3 145 429
Overtime payments	3 358 991	7 309 234
Housing benefits and allowances	2 099 470	1 555 908
Cellphone allowance	931 091	816 330
Bargaining council	48 709	45 988
Group life contributions	29 136	26 622
	165 426 349	161 644 700

Remuneration of Municipal Manager - Mahlangu BS

Annual Remuneration	1 167 483	1 275 899
Contributions to UIF, Medical and Pension Funds	241 362	236 639
Benefits and allowances	201 669	14 758
	1 610 514	1 527 296

Remuneration of Acting Chief Finance Officer - Mashego KP

Annual Remuneration	453 067	810 043
Annual Bonuses	37 755	-
Contributions to UIF, Medical and Pension Funds	105 862	169 526
Lumpsum	-	215 496
Acting allowance	172 842	3 894
Benefits and allowances	201 626	102 087
	971 152	1 301 046

Mr Mashego KP acted as Chief Finance Officer for the duration of one year from July 2016 to June 2017.

Remuneration of Technical Manager - Babedi LE

Annual Remuneration	775 589	686 110
Backpay	4 660	-
Contributions to UIF, Medical and Pension Funds	150 321	144 114
Benefits and allowances	123 192	55 087
Acting allowance	82 218	38 456
	1 135 980	923 767

Remuneration of Community Development Services Manager - Monkoe MF

Annual Remuneration	586 765	451 395
Acting allowance	27 348	22 713
Annual Bonus	37 756	35 618
Contributions to UIF, Medical and Pension Funds	199 068	152 816
Benefits and allowances	230 819	14 444
	1 081 756	676 986

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Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
28. Employee related costs (continued)		
Renumeration of Adim & Corporate Services Manager - Rampedi MR		
Annual Remuneration	769 205	730 338
Backpay	4 660	-
Contributions to UIF, Medical and Pension Funds	141 864	129 481
Acting allowance	-	25 333
Benefits and allowances	143 213	72 087
	1 058 942	957 239
29. Remuneration of councillors		
Executive Mayor	777 347	781 787
Speaker	718 541	740 636
Chief Whip	641 447	604 773
Members of Moyoral Committee	3 404 332	3 241 285
Chairpersons of section 79 committees	2 575 319	2 392 858
Other councillors	13 088 011	13 094 767
	21 204 997	20 856 106
30. Depreciation and amortisation		
Property, plant and equipment	54 392 876	35 294 416
31. Impairment of assets		
Impairments		
Property, plant and equipment	-	93 461 150
32. Finance costs		
Finance leases	424 827	789 868
Other interest paid	1 178 010	777 677
	1 602 837	1 567 545
33. Contracted services		
Information Technology Services	7 692 120	3 286 575
Insurance	2 502 936	2 843 159
Security	27 168 942	15 514 655
Specialist Services	25 850 876	19 476 509
Other Contractors	10 130 092	8 497 583
	73 344 966	49 618 481
34. Bad debts provision		
Movement in bad debts provision	40 071 334	59 738 496

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
35. Repairs and Maintenance		
Roads and stormwater	14 793 281	9 085 440
Machinery & equipment	30 469 737	31 986 841
Building	4 000 000	2 458 908
Vehicle	7 605 768	8 551 465
Other	609 917	4 686 681
	57 478 703	56 769 335
36. Subsidies paid		
Electricity	1 941 061	2 076 931
Water	19 996	72 099
	1 961 057	2 149 030
Subsidies paid relate to free basic services for indigent which include 10 kl of free water per month and 50 kw of electricity.		
37. General expenses		
Advertising	822 562	989 575
Auditors remuneration	4 037 350	3 517 026
Bank charges	171 225	232 723
Cleaning	7 434 756	7 778 017
Audit committee fees	319 052	303 271
Heritage	615 160	938 082
Donations	6 539 017	6 306 632
Entertainment	1 201 424	1 977 219
Community development and training	1 743 772	4 215 452
Conferences and seminars	2 612 037	3 367 312
IT expenses	945 564	795 593
Medical expenses	-	40 582
Motor vehicle expenses	602 480	915 224
Fuel and oil	15 856 464	10 159 799
Printing and stationery	2 638 849	4 578 387
Subscriptions and membership fees	1 481 047	-
Telephone and fax	84 178	2 175 564
Training	2 527 049	2 632 852
Travel - local	3 862 944	4 513 788
Uniforms	15 200	194 172
Tourism development	137 050	-
Waste management	89 400	546 525
Construction of ventilated improved pit latrins toilets	23 282 180	29 685 229
Electricity	31 319 257	29 409 124
Compensation commission	1 438 611	3 851 701
Landfill	2 120 846	3 922 582
Ward committee Support	2 395 554	3 778 649
Chemicals	6 925 258	8 538 093
Other expenses	13 367 929	13 396 692
Restructuring	741 420	5 117 077
	135 327 635	153 876 942

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Chartered Accountant
Auditor General South Africa
Audit & Assurance Services Unit

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
38. Fair value adjustments		
Other financial assets		
• Other financial assets (Designated at FV through statement of financial performance)	(75 000)	(5 678)
39. Inventory written down		
Stock written down for the year	-	(15 496)
Stock surplus for the year	-	20 326
	-	4 830
40. Auditors' remuneration		
Fees	4 037 350	3 517 026
41. Cash generated from operations		
Surplus (deficit)	65 281 889	(24 855 820)
Adjustments for:		
Depreciation and amortisation	54 392 876	35 294 416
Inventory written down	-	(4 830)
Gain/loss on long service benefit	95 000	497 000
Fair value adjustments	75 000	5 678
Finance costs	1 602 837	1 567 545
Impairment loss	-	93 461 150
Debt impairment	40 071 334	59 738 495
Donation	(17 197 391)	(30 229 357)
Subsidies paid	1 961 057	2 149 030
Service cost	1 109 000	989 000
Changes in working capital:		
Inventories	458 840	279 215
Trade receivables	(92 508 094)	25 932 564
Receivable non exchange transaction	14 981 949	(362 690)
Receivable exchange transaction	1 354 110	(8 412 134)
Trade payables	23 399 182	8 807 653
VAT	9 382 042	(20 983 244)
Unspent conditional grants and receipts	(294 802)	(10 390 178)
	104 164 829	133 483 493

42. Commitments

Authorised capital expenditure

Already contracted for but not completed

- Property, plant and equipment

82 717 969 62 892 110

Total capital commitments

Already contracted for but not provided for

82 717 969 62 892 110

This committed expenditure relates to purchase of property and will be financed by available bank facilities, retained surpluses, existing cash resources and funds internally generated, etc.

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Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2017 R	2016 R
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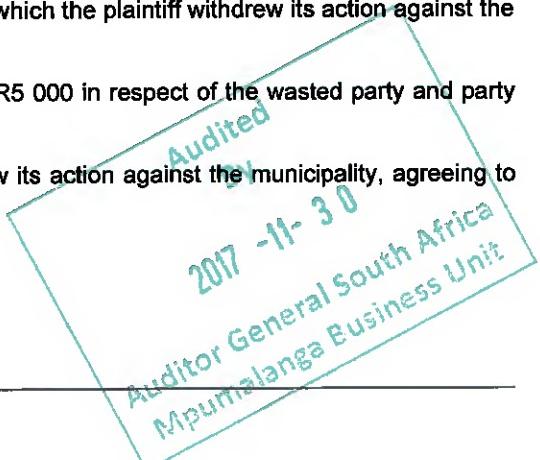
43. Contingencies

Contingent liabilities

1. Black Archivres - This is the claim against the municipality in the amount of R87 000. To defend a claim for monies due for services allegedly rendered.
2. Shiga E.B - This is the claim against the municipality in the amount of R900 000 in respect damages for the purported wrongful arrest.
3. Brain Tebogo Phatlane - This is a claim against the municipality in the amount of R709 953 and the interest of R72 770 in respect of delictual damages.
4. Pankop Trust Community Counsel - This is a claim against the municipality in respect of the applicant seeks to interdict various parties from allocating stands and site at Pankop trust section.
5. Dumisani J Mashiga - This is a claim against the municipality in the amount of R700 000 in respect of wrongful arrest and detention.
6. SAMWU obo E.M Mahlangu-Mathibela - This is claim against the municipality in the amount of R996 198 in respect of payment of remuneration not paid.
7. Thathazakho Taxi Association - This is a claim against the municipality which dispute relating to two rival taxi association regarding a taxi route with the municipality as one of the respondents and ordered to implement the court order.
8. David Sindane - This is a claim against the municipality in respect of unfair dismissal.

Contingent assets

1. Sobek Engineering -This is a claim by the Municipality on the amount of R580 076.93, in respect of the overpayment made to the service provider in terms of a tender for professional engineering services.
2. The Curve / Crystal Spark JV - This is a claim by the Municipality on the amount of R5 996 572.09. The curve failed to perform its obligations in terms of the agreement with the municipality.
3. Mamabolo J - This is a claim by the municipality on the amount of R65 047.39, in respect of contractual damages in respect of a Learnership Agreement.
4. Mtsweni P M - This is a claim by the municipality on the amount of R47 085.00, in respect of contractual damages in respect of a Learnership Agreement.
5. Mahlangu T S - This is a claim by the municipality on the amount of R32 831.00, in respect of contractual damages in respect of a Learnership Agreement.
6. Ndhlovu A J - This is a claim by the municipality on the amount of R10 000 which the plaintiff withdrew its action against the municipality, agreeing to pay the latter's party and party costs.
7. Mahlangu Attorneys - This is a claim by the municipality on the amount of R5 000 in respect of the wasted party and party costs.
8. Ndhlovu A J - This is a claim by the municipality which the plaintiff withdrew its action against the municipality, agreeing to pay the latter's party and party costs.



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
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44. Prior period errors

1) Property, plant and equipment		
Balance as previously reported	1 848 643 413	
Adjustment for prior period errors	(26 248 707)	
Restated balance	1 822 394 706	

Infrastructure assets - The asset register consist of high mast light with carrying value of R26 248 707 which could not be verified on the ground.

2) Other income

Balance as previously reported	17 048 883
Adjustment for prior period errors	(13 621 595)
Restatement balance	3 427 288

The other income account was including the amount from negative billing.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Decrease in property, plant and equipment	- (26 248 707)	
Increase in accumulated surplus	- 39 870 303	

Statement of Financial Performance

Decrease in other income	- 13 621 596
--------------------------	--------------

45. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Market risk

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the statement of financial position at fair value. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
46. Going concern		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
47. Events after the reporting date		
There were no material events after reporting date that required adjustments in the financial statements.:		
48. Unauthorised expenditure		
Opening balance	21 931 903	12 880 774
Current	52 943 876	9 051 129
	<hr/>	<hr/>
	74 875 779	21 931 903

The current unauthorised expenditure of R39 736 124.82 is due to the overspending of various votes not the total amount appropriated in the municipal approved budget.

49. Fruitless and wasteful expenditure

Opening balance	3 832 687	3 797 999
Current year	58 096	34 688
	<hr/>	<hr/>
	3 890 783	3 832 687

Mentioned matters have been referred to council committee for investigation.

50. Irregular and unauthorised expenditure

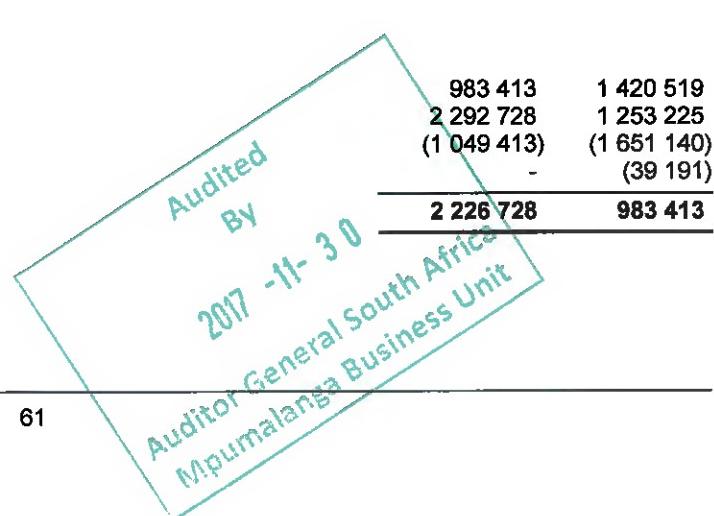
Opening balance	315 876 071	215 102 521
Add: Irregular Expenditure - current year	173 219 943	100 773 550
Written off	(215 102 521)	-
	<hr/>	<hr/>
	273 993 493	315 876 071

All irregular expenditure for opening balance of 2015/16 financial year amounting R215 102 521 was investigated and the additions of R100 773 550 was submitted to council and the council refer the matter to the Municipal Public Account Committee for investigation

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	983 413	1 420 519
Current year subscription / fee	2 292 728	1 253 225
Amount paid - previous years	(1 049 413)	(1 651 140)
Amount credited	-	(39 191)



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
51. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Material losses		
Water distribution loss	13 833 087	10 712 576
The water losses was determined by using actual kilolitre pumped and water billed at cost per kilolitre of R2.39 (R2.09 2016).		
Audit fees		
Amount paid - current year	4 598 670	3 517 026
PAYE and UIF		
Current year subscription / fee	20 813 816	22 028 835
Amount paid - current year	(20 813 816)	(22 028 835)
VAT		
VAT payable	12 097 173	2 715 131

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.



Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R	
51. Additional disclosure in terms of Municipal Finance Management Act (continued)			
Councillors' arrear consumer accounts			
The following councillors have arrear accounts outstanding for more than 90 days at 30 June 2017:			
30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Mahlangu JS		413	413
Skosana GJ		257	257
Nkoane MR		98	98
Sibanyoni LB		604	604
Banda MD		62	62
Mdluli DM		241	241
Nkadimeng SL		58	58
Mathebe RS		371	371
Phaahla SM		111	111
Mthiwethafa NC		413	413
Shabangu MM		166	166
Mtsweni MG		1 723	1 723
Nkoane NN		62	62
Masango A		413	413
Mputhi JM		413	413
Mthimunye WE		78	78
Skhosana JC		413	413
Masilela ML		413	413
Namane AM		413	413
Mojela BN		413	413
Mkhondo MS		413	413
Matji JS		413	413
Makgaloa CM		186	186
Leballo JM		413	413
Nkgodi MR		413	413
Lebelo LK		413	413
Mabena ME		413	413
Nyalto TM		413	413
Lekalakala TI		413	413
Legong TB		413	413
Majombosi TR		413	413
Makola KD		413	413
Moselane MM		413	413
Mahlangu K		413	413
Ngoatle MM		413	413
Malajie RJ		413	413
Mashigoana DK		183	183
Masombuka NZ		242	242
Ngoako MM		56	56
Mtsweni DN		413	413
Ntuli KB		413	413
Baloyi LW		413	413
Selala HN		413	413
Rankapole MM		413	413
Ratladi SJ		413	413
Magakela BM		413	413
Komape AN		111	111
	16 999	16 999	

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
51. Additional disclosure in terms of Municipal Finance Management Act (continued)		
In the financial year 2015/16 there were no councillors having outstanding balance for more than 90 days.		
Supply chain management regulations		
In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.		
Incident		
Entertainment	128 045	256 873
Repair and Maintenance	241 931	1 780 652
Advertisement	600 513	79 115
Transport	53 650	271 410
Training	190 654	581 386
Other	202 347	627 559
	1 417 140	3 596 995

52. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

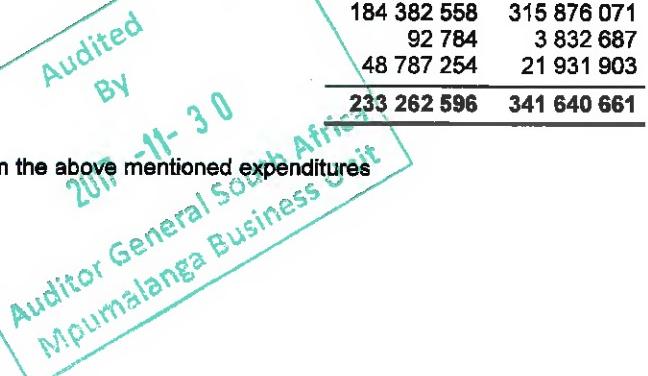
The municipality incurred expenditure amounting to R1 417 140 (2016: R3 596 995) during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

53. Particulars of Non - Compliance with the MFMA of 2003

Details

Irregular and unauthorised expenditure	184 382 558	315 876 071
Fruitless and Wasteful Expenditure	92 784	3 832 687
Unauthorised expenditure	48 787 254	21 931 903
233 262 596 341 640 661		

The Municipality did not comply with the MFMA act 56 of 2003 on the above mentioned expenditures



Appendix A

Schedule of external loans as at 30 June 2016

Loan Number	Redeemable	Balance at 30 June 2016	Received during the period	Redeemed written off during the period	Balance at 30 June 2017	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MIFMA Rand
	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Loan Stock

Structured loans							
Funding facility							
Development Bank of South Africa							

Appendix A

Schedule of external loans as at 30 June 2016

Government loans

Total external loans

loan Stock	Structured loans	Funding facility	Development Bank of South Africa	Bonds	Other loans	ease liability	Annuity loans	Government loans
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Appendix A

Schedule of external loans as at 30 June 2016

Loan Number	Redeemable	Balance at 30 June 2016	Received during the period	Redeemed written off during the period	Balance at 30 June 2017	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MIFMA
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Bonds							
Other loans							
Lease liability							
Annuity loans							

Appendix B

Analysis of property, plant and equipment as at 30 June 2012 Cost/Revaluation

		Accumulated depreciation										
Opening Balance Rand	Additions Rand	Transfers	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Appendix B

Analysis of property, plant and equipment as at 30 June 2012
Cost/Revaluation **Accumulated depreciation**

Opening Balance Rand	Additions	Disposals	Transfers	Revaluations	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance Rand	Carrying value Rand
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Appendix B

Analysis of property, plant and equipment as at 30 June 2012
Accumulated depreciation

		Cost/Revaluation									
Opening Balance	Rand	Additions	Rand	Disposals	Rand	Transfers	Rand	Revaluations	Rand	Other changes, movements	Rand

Agricultural/Biological assets
 Intangible assets
 Investment properties
 Total

Appendix B

Analysis of property, plant and equipment as at 30 June 2011
Accumulated depreciation

Cost/Revaluation													
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Accumulated depreciation

Appendix B

		Analysis of property, plant and equipment as at 30 June 2011						Accumulated depreciation					
		Cost/Revaluation	Transfers	Revaluations	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals	Transfers	Depreciation	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010 Accumulated Depreciation

Municipality	Opening Balance Rand		Additions Rand		Disposals Rand		Transfers Rand		Revaluations Rand		Other changes, movements Rand		Closing Balance Rand		Opening Balance Rand		Disposals Rand		Transfers Rand		Depreciation Rand		Impairment deficit Rand		Closing Balance Rand		Carrying value Rand			
Executive & Council/Mayor and Council																														
Finance & Admin/Finance																														
Planning and Development/Economic Development/Plan																														
Health/Clinics																														
Comm. & Social/libraries and archives																														
Housing																														
Public Safety/Police																														
Sport and Recreation																														
Environmental Protection/Pollution Control																														
Waste Water Management/Sewerage																														
Road Transport/Roads																														
Water/Water Distribution																														
Electricity /Electricity Distribution																														
Other/Air Transport																														
Municipal Owned Entities																														
Total																														
Municipality																														
Municipal Owned Entities																														

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

Accumulated Depreciation

Cost/Revaluation

Appendix D

Actual Income Rand	Actual Expenditure Rand	Surplus /Deficit Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /Deficit Rand
Municipality					
-	-	-	Executive & Council/Mayor and Council	-	-
-	-	-	Finance & Admin/Finance	-	-
-	-	-	Planning and Development/Economic Development/Plan	-	-
-	-	-	Health/Clinics	-	-
-	-	-	Comm. & Social/Libraries and archives	-	-
-	-	-	Housing	-	-
-	-	-	Public Safety/Police	-	-
-	-	-	Sport and Recreation	-	-
-	-	-	Environmental Protection/Pollution Control	-	-
-	-	-	Waste Water Management/Sewerage	-	-
-	-	-	Road Transport/Roads	-	-
-	-	-	Water/Water Distribution	-	-
-	-	-	Electricity /Electricity Distribution	-	-
-	-	-	Other/Air Transport	-	-
Municipal Owned Entities					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Other charges					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<ul style="list-style-type: none"> - Municipality - Municipal Owned Entities - Other charges 					

Appendix D

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2017

	Current year 2016 Act. Bal. Rand	Current year 2016 Adjusted budget Rand	Variance Rand	Explanation of Significant Variances greater than 10% versus Budget Var
Revenue				
Sale of goods	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	
Rendering of services	-	-	-	
Rendering of services in agricultural activities	-	-	-	
Property rates	-	-	-	
Service charges	-	-	-	
Sales of housing	-	-	-	
Construction contracts	-	-	-	
Royalty income	-	-	-	
Rental of facilities and equipment	-	-	-	
Interest received (trading)	-	-	-	
Dividends received (trading)	-	-	-	
Agency services	-	-	-	
Licences and permits	-	-	-	
Municipal Revenue UD1	-	-	-	
Municipal Revenue UD2	-	-	-	
Miscellaneous other revenue	-	-	-	
Administration and management fees received	-	-	-	
Fees earned	-	-	-	
Commissions received	-	-	-	
Royalties received	-	-	-	
Rental income	-	-	-	
Discount received	-	-	-	
Recoveries	-	-	-	
Other income 1	-	-	-	
Other income 2	-	-	-	
Financial instruments - Fee income	-	-	-	
Other income - (rollup)	-	-	-	
Other farming income 1	-	-	-	
Other farming income 2	-	-	-	
Other farming income 3	-	-	-	
Other farming income 4	-	-	-	
Other farming income	-	-	-	
Other income 3	-	-	-	
Interest received - investment	-	-	-	
Interest received - other	-	-	-	
Dividends received	-	-	-	

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2017

	Current year 2016 Act. Bal.	Current year 2016 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Expenses				
Personnel	-	-	-	-
Manufacturing -	-	-	-	-
Employee costs	-	-	-	-
Remuneration of councillors	-	-	-	-
Administration	-	-	-	-
Transfer payments	-	-	-	-
Depreciation	-	-	-	-
Impairment	-	-	-	-
Amortisation	-	-	-	-
Impairments	-	-	-	-
Reversal of impairments	-	-	-	-
Finance costs	-	-	-	-
Bad debts written off	-	-	-	-
Collection costs	-	-	-	-
Repairs and maintenance	-	-	-	-
- Manufacturing expenses	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Bulk purchases	-	-	-	-
Contracted Services	-	-	-	-
Transfers and Subsidies	-	-	-	-
Cost of housing sold	-	-	-	-
General Expenses	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other revenue and costs	-	-	-	-
Gain or loss on disposal of assets and liabilities	-	-	-	-
Gain or loss on exchange differences	-	-	-	-
Fair value adjustments	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-
Income from equity accounted investments	-	-	-	-
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2017

	Current year 2016	Current year 2016	Variance	Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget		
Taxation	-	-	-	
Discontinued operations	-	-	-	
Net surplus/ (deficit) for the year	-	-	-	

Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2010

Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
Rand	Rand	Rand	%	
-	-	-	-	
4 447 997	2 795 002	1 652 995)	(59)	Projects are not completed
2 150 000	3 173 271	1 023 271	32	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	85 196	85 196	100	
0 227 039	1 756 157)	1 983 196)	4 099	
-	-	-	-	
9 858 431	-	9 858 431)	-	
4 301 091	3 091 139	1 209 952)	(39)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
0 984 558	7 388 451	3 596 107)	(2 214)	

Municipal Owned Entities

Other charges

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2017

	2017/2016			2016/2015									
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Final Budget (i.e. Council approved policy)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Reported expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard													
Governance and administration	413 931 000	32 880 000	446 821 000	-	446 821 000	444 761 850	(2 069 150)	-	100 %	107 %	DIV/0 %	401 189 633	
Executive and council	413 931 000	32 880 000	446 821 000	-	446 821 000	444 751 850	(2 069 150)	-	100 %	107 %	DIV/0 %	401 189 633	
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	630 000	(35 000)	595 000	595 000	595 000	1 473 780	873 780	(42 015)	248 %	234 %	DIV/0 %	5 383 444	
Community and public safety	380 000	(35 000)	345 000	345 000	345 000	302 985	-	-	88 %	80 %	DIV/0 %	5 151 979	
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	250 000	-	250 000	-	250 000	1 170 795	920 795	-	468 %	468 %	DIV/0 %	241 465	
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	4 882 610	161 390	5 044 000	5 044 000	5 044 000	13 772 398	8 728 389	-	273 %	282 %	DIV/0 %	11 437 978	
Economic and environmental services	3 640 610	(1 340 610)	2 300 000	2 300 000	2 300 000	9 200 582	6 900 582	-	400 %	283 %	DIV/0 %	7 986 300	
Planning and development	1 242 000	2 744 000	-	2 744 000	2 744 000	4 571 817	1 827 817	-	167 %	388 %	DIV/0 %	3 451 678	
Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	61 711 091	(21 430 796)	40 280 295	40 280 295	40 280 295	47 533 378	7 258 083	-	118 %	77 %	DIV/0 %	46 162 823	
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	54 408 000	(24 487 505)	29 920 495	29 920 495	29 920 495	40 363 949	10 443 464	-	135 %	74 %	DIV/0 %	41 410 502	
Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	7 303 091	3 056 708	10 356 800	10 356 800	10 356 800	7 174 429	(3 186 371)	-	69 %	98 %	DIV/0 %	4 752 321	
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	481 154 701	11 585 594	492 746 295	-	492 746 295	507 536 407	-	-	103 %	105 %	-	464 183 878	

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2017

(in Rand thousand)

2017/2016

2016/2015

	Original Budget			Budget Adjustments (I.t.o. s22 and s31 of the MFMA)			Final Budget			Shifting of funds (I.t.o. s31 of the MFMA)			Virement (I.t.o. Council approved policy)			Actual Outcome			Unauthorised expenditure			Variance of Actual Outcomes against Adjustments			Actual Outcome as % of Final Budget			Actual Outcome as % of Original Budget			Reported unauthorised expenditure			Expenditure authorised in terms of section 32 of MFMA			Balances to be recovered			Restated Audited Outcome		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand									
Expenditure - Standard																																										
Governance and administration	138 082 632	168 623 510	306 606 142	128 885 873	-	-	(177 729 268)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	230 983 544										
Executive and council	30 683 626	146 539 185	177 223 011	45 620 748	-	-	(131 602 263)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33 449 814											
Budget and treasury office	76 785 254	19 787 138	96 552 392	56 730 446	-	-	(39 821 946)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	169 187 833										
Corporate services	30 653 552	2 177 187	32 850 739	26 534 678	-	-	(6 298 060)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28 345 887										
Community and public safety	43 810 675	6 488 434	49 289 049	48 647 917	-	-	(2 621 092)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40 472 427										
Community and social services	24 158 192	3 984 904	28 143 096	28 143 086	-	-	(1 220 291)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24 983 301										
Sport and recreation	2 336 360	(467 233)	1 869 127	1 869 127	-	-	(142 718)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	910 361										
Public safety	17 124 141	1 934 190	19 058 331	19 058 331	-	-	(1 266 553)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14 458 721										
Housing	191 882	6 573	158 455	198 455	-	-	(206 925)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170 024										
Health	16 680 217	4 354 210	21 044 427	21 044 427	-	-	(8 470)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20 692 184										
Economic and environmental services	11 617 348	3 506 288	15 123 636	15 123 636	-	-	(1 639 694)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16 170 069										
Planning and development	5 072 889	847 922	5 920 791	5 920 791	-	-	(5 843 036)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 522 095										
Road transport					-	-	(77 755)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86 213 886										
Environmental protection					-	-	(73 120 293)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86 213 886											
Trading services	134 000 192	43 219 438	177 219 630	104 069 337	-	-	(177 219 330)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78 %											
Electricity	19 886 283	14 632 854	34 519 137	34 519 137	-	-	(34 519 137)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	147 %											
Water	51 617 975	3 461 955	55 059 931	52 316 872	-	-	(5 190 020)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95 %											
Waste water management	50 081 024	19 536 456	69 647 480	14 130 218	-	-	(5 783 262)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101 %											
Waste management	12 404 910	5 548 172	17 953 082	17 953 082	-	-	(9 629 952)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28 %											
Other					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67 %										
Total Expenditure - Standard	332 583 616	221 565 582	554 159 208	-	-	554 138 208	298 037 960	-	-	(255 101 248)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54 %	90 %											
Surplus/(Deficit) for the year	148 571 085	(209 969 986)	(61 398 913)	-	-	-	-	-	-	(269 897 360)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140 %	340 %	378 362 121									
																																					85 621 787					

Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2017

2017/2016

2016/2015

Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Outcome as % of Final Budget	Reported unauthorised expenditure	Expenditure terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Revenue by Vote													
Example 1 - Vote1: Finance and Admin													
Example 2 - Vote2: Community and Social Service													
Example 3 - Vote3: Planning and Development													
Example 4 - Vote4: Roads & Transport													
Example 5 - Vote5: Waste Management													
Example 6 - Vote6: Waste Water Management													
Example 7 - Vote7: Public Safety Management													
Example 8 - Vote8: Executive & Council													
Example 9 - Vote9:													
Example 10 - Vote10:													
Example 11 - Vote11:													
Example 12 - Vote12:													
Example 13 - Vote13:													
Example 14 - Vote14:													
Example 15 - Vote15:													
Total Revenue by Vote	481 154 701	11 585 594	492 740 296			492 740 295	507 536 407		14 796 112	103 %	105 %		
Expenditure by Vote to be appropriated													
Example 1 - Vote11: Executive & Council													
Example 2 - Vote2: Finance & Admin													
Example 3 - Vote3: Community & Social Service													
Example 4 - Vote4: Planning & Development													
Example 5 - Vote5: Sports, Art, Culture & Recreation													
Example 6 - Vote6: Road Transport													
Example 7 - Vote7: Waste Management													
Example 8 - Vote8: Waste Water Management													
Example 9 - Vote9: Public Safety													
Example 10 - Vote10: Electricity													
Example 11 - Vote11:													
Example 12 - Vote12:													
Example 13 - Vote13:													
Example 14 - Vote14:													
Example 15 - Vote15:													
Total Expenditure by Vote	332 583 666	221 555 592	554 139 178			554 138 178	299 037 580		(266 101 198)	54 %	90 %		
Surplus/(Deficit) for the year	148 571 115		(208 989 996)			(61 398 883)	208 498 427		269 897 310	(340) %	140 %		

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2017

	2017/2016		2016/2015	
	Original Budget	Budget Adjustments (I.t.o. s28 and s31 of the MFMA)	Final Budget	Virement (I.t.o. Council approved policy)
	Rand	Rand	Rand	Rand
Revenue By Source				
Property rates - penalties & collection charges	6 098 005	8 099 005	6 099 006	5 558 714
Service charges - electricity revenue	51 414 680	(28 438 000)	22 976 680	52 265 030
Service charges - water revenue	2 050 000	1 550 000	3 600 000	6 702 626
Service charges - sanitation revenue	2 565 000	(265 000)	2 300 000	6 464 704
Service charges - refuse revenue	210 000	(30 000)	160 000	200 773
Service charges - other	12 400 000	(45 000)	10 400 000	165 000
Rental of facilities and equipment	9 000 000	(2 000 000)	9 000 000	9 273 349
Interest earned - external investments	-	-	9 000 000	17 016 016
Dividends received	250 000	-	250 000	-
Fines	900 000	1 504 000	2 404 000	5 136 151
Licences and permits	342 000	(2 000)	340 000	2 732 151
Agency services	273 625 000	273 625 000	273 625 000	(340 000)
Transfers recognised - operational	11 989 000	(7 489 000)	4 500 000	67 476 084
Gains on disposal of PPE	-	-	4 500 000	26 655 345
Total Revenue (excluding capital transfers and contributions)	371 054 685	(35 215 000)	348 839 886	335 839 686
			474 207 593	138 367 908
				141 %
				128 %
				450 652 266
				19 638 513

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2017

2016/2015									
2017/2016					2016/2015				
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Virement (i.t.o. Council approved policy)	Shifts of funds (i.t.o. s31 of the MFMA)	Actual Outcome	Unauthorized expenditure	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type									
Employee related costs	107 850 983	15 408 865	123 259 848	123 603 067	123 259 848	123 603 067	-	343 219	100 %
Remuneration of councillors	15 604 380	489 971	16 094 351	19 722 177	16 094 351	19 722 177	-	3 627 826	123 %
Debt impairment	34 000 000	34 000 000	34 000 000	35 951 078	35 951 078	35 951 078	-	1 951 078	106 %
Depreciation & asset impairment	-	140 000 000	140 000 000	140 000 000	9 815 185	9 815 185	(130 184 815)	7 %	DIV/O %
Finance charges	-	300 000	300 000	300 000	67 580	67 580	(232 410)	23 %	DIV/O %
Bulk purchases	21 325 000	3 475 000	24 800 000	22 090 979	24 800 000	22 090 979	(140 425)	DIV/O %	DIV/O %
Other materials	13 340 000	9 788 586	23 128 596	23 128 596	23 128 596	23 128 596	(2 709 021)	89 %	104 %
Contracted services	45 474 000	10 540 000	56 014 000	56 014 000	56 014 000	56 014 000	(54 052 943)	- %	- %
Transfers and grants	94 990 024	41 652 528	136 542 552	136 542 552	136 542 552	136 542 552	(52 653 383)	4 %	4 %
Other expenditure	-	-	-	-	2 131 425	2 131 425	2 131 425	2 131 425	302 %
Loss on disposal of PPE	-	-	-	-	-	-	-	DIV/O %	DIV/O %
Total Expenditure	332 584 387	221 554 960	554 139 347	-	664 139 347	502 398 069	-	(51 741 278)	91 %
Surplus/(Deficit)	38 470 298	(256 769 960)	(218 299 662)	-	(218 299 662)	(218 299 662)	-	190 109 188	13 %
Transfers recognised - capital	-	-	-	-	-	-	-	(73) %	(11 424 543)
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	38 470 298	(256 769 960)	(218 299 662)	-	(218 299 662)	6 880 160	225 179 822	(3)%	18 %
Taxation	-	-	-	-	-	-	-	DIV/O %	DIV/O %
Surplus/(Deficit) after taxation	38 470 298	(256 769 960)	(218 299 662)	-	(218 299 662)	6 880 160	225 179 822	(3)%	18 %
Attributable to minorities	-	-	-	-	-	-	-	DIV/O %	DIV/O %
Surplus/(Deficit) attributable to municipality	38 470 298	(256 769 960)	(218 299 662)	-	(218 299 662)	6 880 160	225 179 822	(3)%	18 %
Share of surplus/ (deficit) of associate	-	-	-	-	-	(95 000)	(95 000)	DIV/O %	DIV/O %
Surplus/(Deficit) for the year	38 470 298	(256 769 960)	(218 299 662)	-	(218 299 662)	6 755 160	225 084 822	(3)%	18 %
									497 000)
									26 068 041
									26 068 041

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2017

	2017/2016		2016/2015										
	Original Budget Budget Adjustments (if.t.o. s28 and s31 of the MFMA)	Final Budget adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments	Actual Outcomes as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote Multi-year expenditure													
Example 1 - Vote1: Finance and Admin	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 2 - Vote2: Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 3 - Vote3: Community Social Services	16 000 000	6 150 000	22 150 000	-	22 150 000	13 173 271	-	(8 976 729)	59 %	82 %	-	-	711 540 894
Example 4 - Vote4: Planning & Development	1 000 000	3 447 987	4 447 987	-	4 447 997	2 795 002	-	(1 652 985)	63 %	280 %	-	-	699 957
Example 5 - Vote5: Waste Management	3 930 000	(3 930 000)	-	-	-	85 196	-	85 196	DIv0 %	2 %	-	-	-
Example 6 - Vote6: Waste Water Management	44 248 451	25 978 588	70 227 039	-	70 227 039	71 756 157	-	1 529 118	102 %	162 %	-	-	681 078
Example 7 - Vote7: Electricity Wafer	3 900 000	401 091	4 301 091	-	4 301 091	3 091 139	-	(1 209 952)	72 %	79 %	-	-	21 904 304
Example 8 - Vote8: Water	60 801 549	29 056 982	89 858 431	-	89 858 431	70 291 958	-	(19 566 473)	78 %	116 %	-	-	22 017 983
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	129 886 000	61 104 558	190 984 558	-	190 984 558	161 192 723	-	(29 791 835)	84 %	124 %	-	-	756 844 216
Single-year expenditure													
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	129 886 000	61 104 558	190 984 558	-	190 984 558	161 192 723	-	(29 791 835)	84 %	124 %	-	-	1 513 688 432

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2017

		2016/2015		2017/2016			
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Virement (i.t.o. Council approved policy)	Actual Outcome	Unauthorized expenditure	Variance of Actual Outcome against Adjustments	Expenditure authorised in terms of section 32 of MFMA
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard							
Governance and administration							DIV/0 %
Executive and council							DIV/0 %
Budget and treasury office							DIV/0 %
Corporate services	16 000 000	6 150 000	22 150 000	22 150 000	13 173 271	(8 976 729)	59 %
Community and public safety	16 000 000	6 150 000	22 150 000	22 150 000	13 173 271	(8 976 729)	59 %
Community and social services							DIV/0 %
Sport and recreation							DIV/0 %
Public safety							DIV/0 %
Housing							DIV/0 %
Health	1 000 000	3 447 987	4 447 987	4 447 987	2 795 002	(1 652 985)	63 %
Economic and environmental services	1 000 000	3 447 997	4 447 997	4 447 997	2 795 002	(1 652 995)	63 %
Planning and development							DIV/0 %
Road transport							DIV/0 %
Environmental protection	112 880 000	51 596 561	164 386 561	164 386 561	85 196	(164 381 365)	- %
Trading services	3 900 000	401 081	4 301 081	4 301 081	4 301 091	(4 301 091)	- %
Electricity	60 801 549	29 056 882	89 858 431	89 858 431	89 858 431	(89 858 431)	- %
Water	44 248 451	25 978 588	70 227 039	70 227 039	70 227 039	(70 227 039)	- %
Waste water management	3 930 000	(3 930 000)	-	-	85 196	85 196	DIV/0 %
Waste management							DIV/0 %
Other							DIV/0 %
Other							DIV/0 %
Total Capital Expenditure - Standard	128 880 000	61 104 558	190 984 558	190 984 558	16 053 459	(174 931 059)	8 %
Funded by:							
National Government	106 200 000	(5 780 000)	100 420 000	100 420 000			100 %
Provincial Government		3 900 000	3 900 000	3 014 540		(885 460)	77 %
District Municipality	24 000 000	(24 000 000)	10 925 000	10 925 000			DIV/0 %
Other transfers and grants	187 181 000	(176 256 000)	-	-			100 %
Transfers recognised - capital							6 %
Public contributions & donations	317 381 000	115 245 000	-	115 245 000	114 359 540	(885 460)	99 %
Borrowing	3 930 000	(3 930 000)	-	-	65 196	85 196	2 %
Internally generated funds	58 850 000	16 890 000	75 740 000	75 740 000	27 713 282	(48 026 708)	37 %
Total Capital Funding	380 161 000	(188 176 000)	190 985 000	190 985 000	142 158 028	(48 826 972)	74 %
							756 844 216

Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2017

		2017/2016		2016	
Original Budget	Budget Adjustments and (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget
Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities					
Receipts					
Ratepayers and other	87 761 000	(42 215 290)	45 545 710	45 545 710	146 472 615
Government - operating	265 850 000	265 850 000	265 850 000	100 926 905	322 %
Government - capital	115 144 000	46 800 000	161 944 000	(265 850 000)	- %
Interest	12 400 000	7 000 000	19 400 000	(161 944 000)	- %
Dividends	-	-	-	-	- %
Payments	(287 110 000)	(70 715 000)	(357 825 000)	433 004 382	128 %
Suppliers and employees	-	(300 000)	(300 000)	790 829 382	DIV/O %
Finance charges	(45 474 000)	(10 540 000)	(56 014 000)	(3 288 507)	(121) %
Transfers and Grants	-	-	-	1 986 057	(151) %
Net cash flow from/d used operating activities	148 571 000	(88 978 290)	78 600 710	602 636 085	524 035 375
				787 %	406 %
				693 257 547	
Cash flow from investing activities					
Receipts					
Proceeds on disposal of PPE	-	-	-	-	DIV/O %
Decrease (increase) in non-current debtors	111 284 600	111 284 600	111 284 600	(2 131 425)	(2 131 425) %
Decrease (increase) other non-current receivables	-	-	-	(111 284 600)	DIV/O %
Decrease (increase) in non-current Investments	-	-	-	-	DIV/O %
Payments	(129 880 000)	(61 105 000)	(180 985 000)	(190 985 000)	DIV/O %
Capital assets	(129 880 000)	60 179 600	(79 700 400)	(2 117 262)	(1 061 121) %
Net cash flow from/d used investing activities	-	-	-	77 583 138	- %
				3 %	2 %
				208 098	
Cash flow from financing activities					
Receipts					
Short term loans	-	-	-	-	DIV/O %
Borrowing long term/refinancing	20 000 000	10 000	20 010 000	20 010 000	DIV/O %
Increase (decrease) in consumer deposits	-	-	-	-	DIV/O %
Payments	-	-	-	-	DIV/O %
Repayment of borrowing	-	-	-	(20 010 000)	- %
Net cash flow from/d used financing activities	20 000 000	10 000	20 010 000	(20 010 000)	(1 061 121) %
Net increase/(decrease) in cash held	38 691 000	(19 780 680)	18 910 310	600 518 873	3 178 %
Cash/cash equivalents at the year begin:	-	-	-	581 608 513	1 552 %
Cash/cash equivalents at the year end:	38 691 000	(19 780 680)	18 910 310	603 406 771	581 608 513
				3 191 %	1 560 %

